**U.S. Department
of Veterans Affairs**

VHA STANDARDIZED CAPITALIZATION MEMO FOR REAL PROPERTY

Completion of this form requires discussion and coordination between Engineering and Accounting staff to ensure Accounting has the correct information to record PP&E transactions, timely and properly. Answer the questions below to determine if the costs will be capitalized. See VA Financial Policy Volume V, Chapter 9, Appendix H, for guidance in completing this form.

Accounting POC (name/ph#):	**Engineering POC (name/ph#):**

Project#:_____ Contract#:_____   **Today's Date:**   ____/_____/_____

Description (Describe the purpose of the project and identify all existing assets (e.g. building numbers) that are associated with the project.)

A&E Obligation #:_____ $*_____	**Obligation_____** $*_____
Construction Obligation #:_____ $*_____	**Obligation_____** $*_____
Total of additional obligations $*_____	**Obligation_____** $*_____
	Obligation_____ $*_____
Total Gross Cost $*_____	**Total of additional cost (add total to the left) $*_____**

* Cost is the amount expended on the obligation.

CRITERIA FOR CAPITALIZATION	YES	NO	Policy Section(s)
1. Is the cost for land? If YES, skip to question 5. If No, proceed to question 2.			**090202A.1**

2. Does the Net Amount exceed $1 million for the project?
    Total Gross Cost* for the project: $_____
      Subtract:
    $_____   **Less: NAC Surcharges**
    $_____   **Less: Feasibility Studies**
    $_____   **Less: Training Costs**
    $_____   **Less: Costs related to continuing operations**
    $_____   **Less: Asbestos, mold or other hazardous clean-up**
    $_____   **Less: Other**
    $_____   **Net Amount (If less than $1 million, project will be expensed.)**
			090201.02
			
			090202
			
			090202.05

2A. If the project impacts multiple buildings/assets, identify the amount (or estimated amount) attributable to each asset. If project impacts only one asset proceed to question 3. **Asset #1 _____** **Amount $_____** **#3_____** **Amount $_____** **Asset #2 _____** **Amount $_____** **#4_____** **Amount $_____** **Continue to question 3 for an asset with an amount equal to or above $1 million.** **If more than one asset meets the million dollar threshold, use the Add-On-Worksheet (see page 3), adding as many as necessary for each additional asset.** **If the amount attributable to an asset is less than $1 million, the amount will be expensed.**			

3. Asset has a useful life of two or more years.
     Asset has been acquired or constructed with the intention of being used or being available for use by VA.
     The asset is not intended for sale during VA operations.
If all are yes, proceed to question 3A. If any are NO, the Net Amount (question 2) will be expensed.
			090202

3A. Asset Useful Life: _____years. If the useful life deviates from policy, how/where was it derived?			**Appendix B**

3B. Choose one :

    This expenditure is for a new asset. Skip to question 4.

    This expenditure is for an existing asset.   Proceed to 3C.

	YES	NO	090202.03
3C. Is the expenditure for routine maintenance or normal repairs to preserve the asset to continue to provide acceptable services? **If yes, the project is expensed. If no, proceed to 3D.** **Note:** *VA will capitalize a maintenance or repair project that goes beyond the scope of maintenance and improves or enlarges the asset, and meets the capitalization criteria.* **See section 090202.03 for additional clarification.**			

3D. Choose all that apply.

    The project improved the capacity of the asset.

    The project enhances the quantity of services.

    The project adds functionality.

    The project extends the useful life of the building.

    The project replaces an entire system and also meets one of the above criteria. Examples include: *(this list is not all inclusive)*

- Heating/air conditioning
- Lighting fixtures
- Elevators
- Plumbing
- Fire Alarm/Fire System
- Roof

(right column: 090202 090202.02)

4. Identify the percentage placed in service: _____%. Multiply the Net Amount (question 2) by % $_____

Projects may be placed in service in phases. The Net Amount of the project is considered when assessing whether the $1M threshold is met, as opposed to the amount attributable to the phase placed in service. Project phases will be capitalized as they are placed in service for the amount attributable to the phase if the Net Amount of the project is expected to meet the $1M threshold, regardless of whether the amount attributable to the phase placed in service exceeds $1M

5. Cost to be capitalized $_____.

  Project amount *previously* capitalized, if applicable $_____

  Choose Asset Type: **L (Land)**   **B (Bldg)**   **H (leasehold Improve)**   **K (Improvements to land)**

          O (Other Structures)   **U (Bldg Capital Lease)**

  FA#_____   **FB#_____**   **Project Amount Capitalized to date $_____**

  Budget Object Code (BOC)_____ (verify assigned BOC agrees with the asset type selected above)

  Date placed in service_____

(right column: 090202.02 090202.05 090206 090502 090503)

6. Explanation for the decision to capitalize or expense the project.

7. Maintain this worksheet along with all supporting documentation used for the capitalization determination over the life of the asset plus three years following asset disposal or transfer. Documentation may be kept hard copy or electronic.	090201.03

APPROVAL

This Capitalization worksheet has been completed in compliance with statutory, regulatory, policy and delegated authorities. Signatures below indicate that the information is accurate and complete as of the dates below. This worksheet will be retained with the asset documentation.

Name/Signature:

_____   _____

             Accountant   **Date**

Name/Signature:

_____   _____

             Engineer   **Date**

To be completed for projects impacting multiple assets.

Project #_____   Asset #_____   Amount $_____

	YES	NO	Policy Section(s)

3. Asset has a useful life of two or more years.
   Asset has been acquired or constructed with the intention of being used or being available for use by VA.
   The asset is not intended for sale during VA operations.
 	
If all are yes, proceed to question 3A. If any are NO, the Amount (question 2A) will be expensed.
			090202

3A. Asset Useful Life: _____ years. If the useful life deviates from policy, how/where was it derived?			**Appendix B**

3B. Choose one :
   This expenditure is for a new asset. Skip to question 4.
   This expenditure is for an existing asset. Proceed to 3C.			

3C. Is the expenditure for routine maintenance or normal repairs to preserve the asset to continue to provide acceptable services? Note: *VA will capitalize a maintenance or repair project that goes beyond the scope of maintenance and improves or enlarges the asset, and meets the capitalization criteria*. **See section 090202.03 for additional clarification.** **If yes, the project is expensed. If no, proceed to 3D.**			**090202.03**

3D. Choose all that apply.
 	
 T **The project improved the capacity of the asset.**
    The project enhances the quantity of services.
    The project adds functionality.
    The project extends the useful life of the building.
    The project replaces an entire system and also meets one of the above criteria. Examples include: *(this list is not all inclusive)*
 	
   • **Heating/air conditioning**   • **Plumbing**
   • **Lighting fixtures**   • **Fire Alarm/Fire System**
   • **Elevators**   • **Roof**
			090202
			090202.02

4. Identify the percentage placed in service: _____%. Multiply the Net Amount (question 2A) by % $_____ **If the cost of the initial phase placed in service does not meet the $1M threshold, wait until additional phases are placed in service and the cost meets or exceeds the threshold to record the capitalized asset.**			

5.   Cost to be capitalized $_____.
 	
   Project amount *previously* capitalized, if applicable $_____.
 	
   Choose Asset Type: L (Land)   B (Bldg)   H (Leasehold Improve)   K (Improvements to Land)
                                       O (Other Structure)   U (Bldg Capital Lease)
 	
FA#_____   FB#_____ **Project Amount Capitalized to date $_____**
Budget Object Code (BOC)_____ (verify assigned BOC agrees with the asset type selected above)
Date placed in service_____
			090202.02
			090202.05
			090206
			090502
			090503

6. Explanation for the decision to capitalize or expense the project.			
7. Maintain this worksheet along with all supporting documentation used for the capitalization determination over the life of the asset plus three years following asset disposal or transfer. Documentation may be kept hard copy or electronic.			**090201.03**